

FISCAL NOTE

SB 2395 - HB 2682

March 4, 2000

SUMMARY OF BILL:

- Provides that 30% of the balance in each special revenue fund, account, reserve and deposit which is not obligated at the end of each state fiscal year shall be allocated in accordance with the provisions of law creating the special revenue fund, account, reserve or deposit.
- Allocates to the state general fund, 70% of the balance in each special revenue fund, account, reserve and deposit which is not expended at the end of each fiscal year.
 - 30% of the 70% deposited into the general fund shall be appropriated and allocated equally among all full-time state employees who have been employed by the department or entity for six months of the department or entity which administers the program which receives revenue from the special revenue fund, account, reserve or deposit fund as a bonus. The bonus must be paid on August 31 of each fiscal year.
 - The bonus shall not be included in compensation for determination of benefits under the Tennessee Consolidated Retirement Program, for matching 401(k) or other retirement contributions or for the calculation of any state benefit which is dependent on the compensation paid for the determination of a state benefit.
- Makes the bill applicable to the 1999-2000 fiscal year and thereafter.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$63,913,550 - FY 00 /01

Exceeds \$2,000,000 - FY 01 and Subsequent Years

Other Fiscal Impact - Shifts \$149,084,950 of special revenue funds to the general fund in FY00-01 and an amount estimated to exceed \$10,000,000 in FY01 and subsequent years.

Decrease Federal Revenues - Exceeds \$1,000,000

Estimate assumes the following:

- The unexpended fund balance in the special funds for FY98-99 is approximately \$304,255,000, of which approximately \$133,193,000 is highway funds. Estimate is based on balances as of June 30, 1999 and assumes similar balances will be available on June 30, 2000.

- Balances in affected funds have been accumulated over a period of several fiscal years in most cases. As such, most balances in the affected funds would be depleted after the first year of the bill's implementation. Some funds would be available after the first year but the amount is estimated to be significantly smaller. Such amount cannot be determined but is estimated to exceed \$10,000,000.
- Federal matching funds are received by some funds and would not be available if funds were diverted to uses not pertaining to that fund.
- An increase in state expenditures is estimated as follows:
 - \$63,893,550 resulting from bonuses paid to select state employees in FY00-01.
 - \$20,000 for costs associated with administering the bill by the Department of Finance and Administration.
- Approximately \$91,276,500 would be allocated back to the special revenue accounts for purposes outlined in certain sections of the Tennessee Code Annotated.
- Approximately \$149,084,950 in revenues, of which approximately \$65,264,570 is highway funds, would revert to the general fund and subsequently be allocated in the general appropriations act for other purposes.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director